



**City Council Workshop
September 12, 2017**

**Analysis of Wichita's Convention Center
and
Performing Arts Facilities**

Research Information

2

Timeline of studies:

- Market and Economic Assessment of Wichita's Convention Center Product November 2013
Conventions, Sports & Leisure (CSL)
 - *Visit Wichita Commissioned*
- Century II Performing Arts & Convention Center Assessment May 2014 AMS & Fisher Dachs Associates (FDA)
 - *Arts Council, Music Theater of Wichita, Wichita Symphony Orchestra Wichita Grand Opera Commissioned*

Research Information

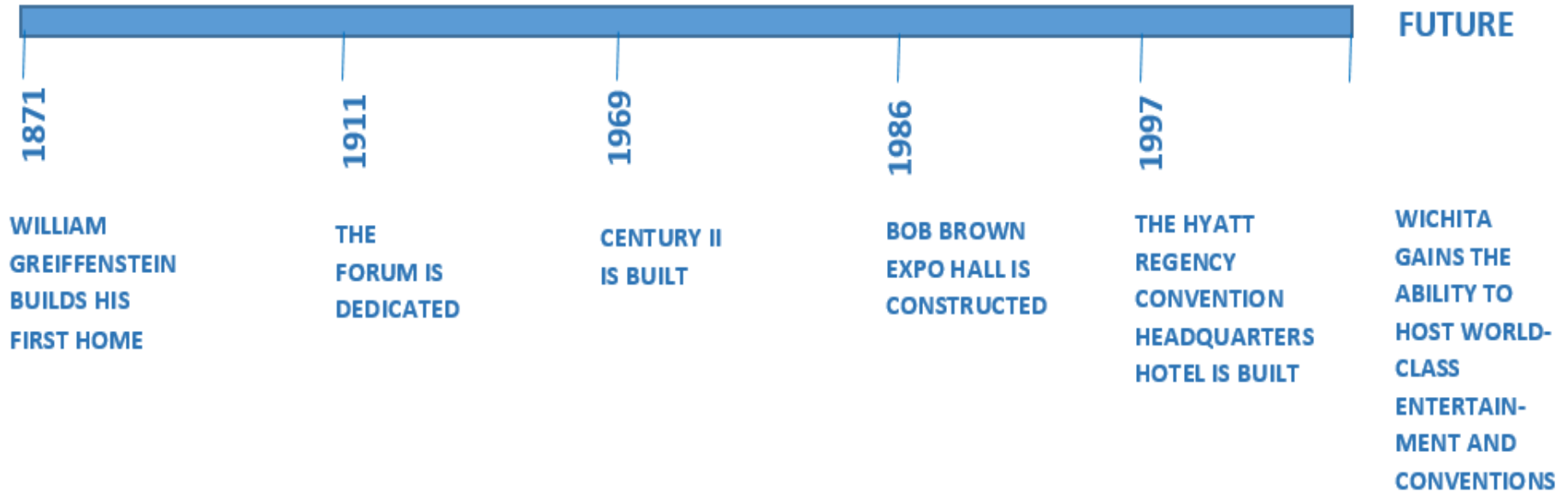
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Timeline for studies:

- Century II Complex Renovation and Expansion
Concept Design September 2014 Populous and GMLV
- Century II Complex Facility Assessment May 2016
Populous and GMLV and FDA
- Cost/Benefit Analysis of Wichita's Performing Arts
and Convention Center Product July 2016 AMS and
CSL
- Funding and Delivery Options Analysis for the
Century II Facility Expansion September 2017 ARUP

The History

4



CONVENTION CENTER

**“THE CURRENT CONVENTION
FACILITIES IN WICHITA
PUT THE COMMUNITY AT A
COMPETITIVE DISADVANTAGE”**

BILL KRUEGER CS&L 2013 STUDY (ALSO FROM 2013
BILL KRUEGER PRESS RELEASE)

Current Challenges Convention Center

Number of critical deficiencies pertaining to functionality, event logistics, space levels and apportionment, aesthetics and marketability to exhibitors/attendees.

- Critical exhibit space issues not being able to sub-divide the large hall
- Critical issue with functionality and aesthetics
- Challenges associated with CII that serve to significantly weaken its competitiveness in the national convention and event marketplace
- The “pie slice” layout, apportionment and configuration of event spaces in the original “round building” are atypical—if not completely unique—in the overall event industry

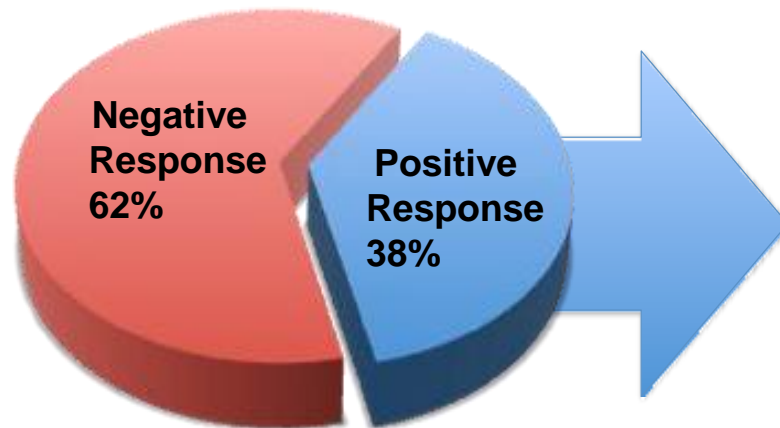


**Market and Economic assessment of Wichita's convention center
product November 6th 2013 CSL**

City Benefits

8

Specifically, using the 2,500 conventions and tradeshow targeted through the MINT database, the survey positive response percentage, and the weak link analysis, a hypothetical extrapolation would suggest that, should new facilities be developed in Wichita, a market opportunity exists relating to nearly 430 national events.



428 = extrapolated number of events that represent Wichita's key national convention market opportunity

**Market and Economic assessment of Wichita's
convention center product November 6th 2013**
CSL

Current Challenges

- Peer cities have developed new centers in the past 15 years to keep up with advancements
- Wichita ranks the lowest in prime square feet
- The city's ability to compete on a national scale is becoming more and more difficult

Market and Economic assessment of Wichita's convention center product November 6th 2013 CSL

Convention Center

Ballroom Space

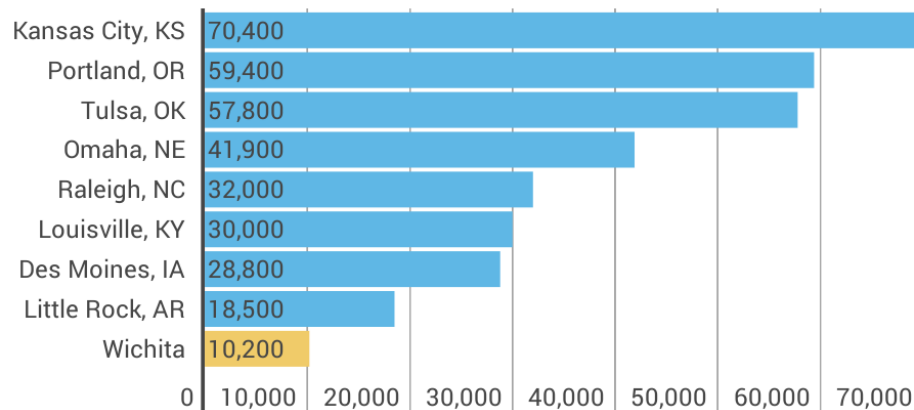


Exhibit Space



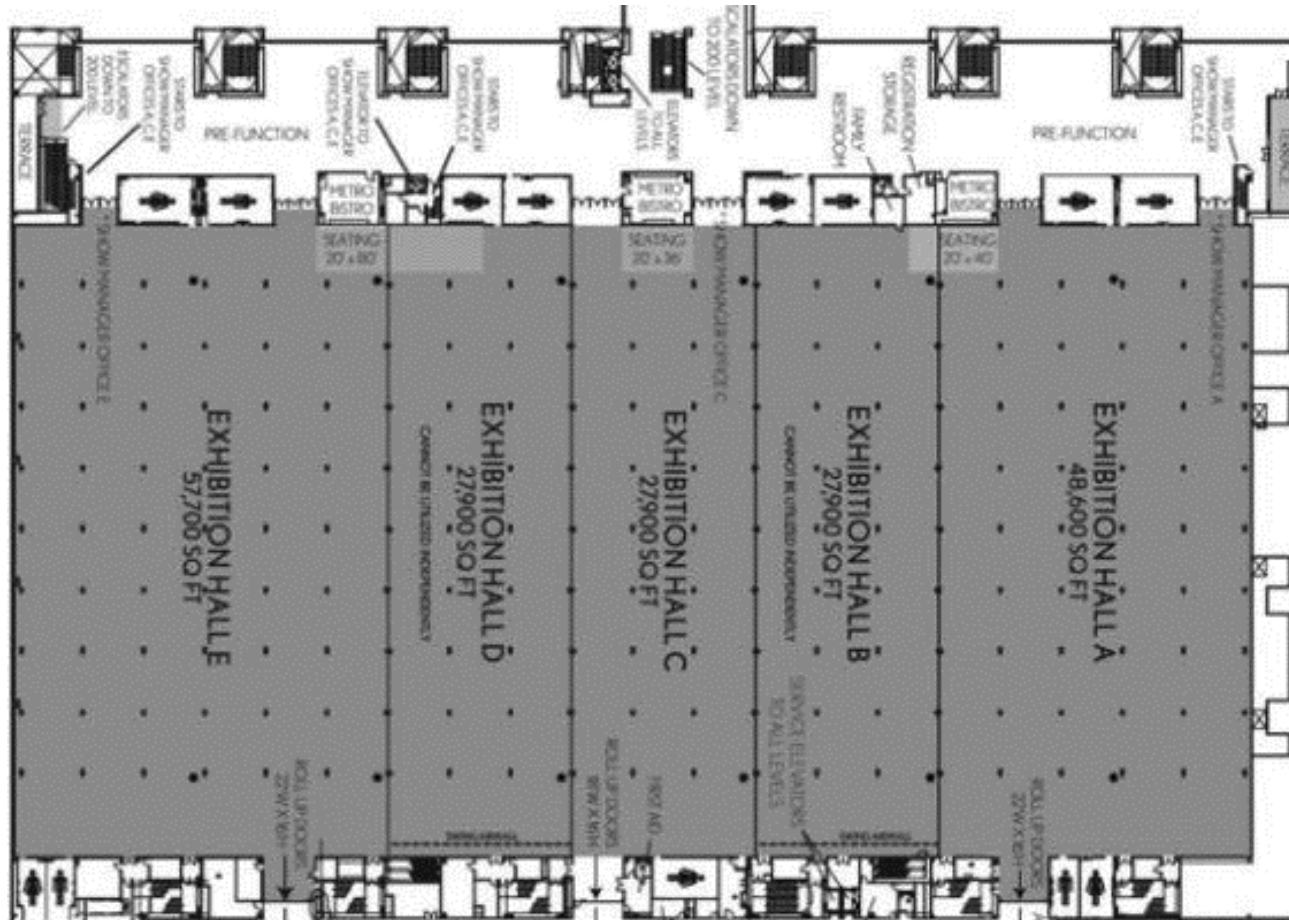
The total ballroom and exhibition space in Wichita is not enough to make the city a competitive convention center destination on a national level.

Market and Economic assessment of Wichita's convention center product
November 6th 2013 CSL

Modern Characteristics

11

The ability to divide the larger space via movable air walls, with public access and for each space, allowing simultaneous events and enhancing the marketability to events needing a smaller space



Market and Economic assessment of Wichita's convention center product
November 6th 2013 CSL

State-of-the-industry Convention Center Characteristics:

- Column-free, contiguous, concrete floor space.
- Ceiling heights in excess of 30 ft.
- A rectangular hall shape with a length to-width ratio that approximates 2:1.
- Sub divisibility of the space into several individual spaces via modern movable air walls, with public access and service access possible for each subdivided space. This importantly allows for the accommodation of concurrent events and enhances marketability to events with exhibitions of a size smaller than the entire available hall.

State-of-the-industry Convention Center Characteristics:

- Floor utility boxes on a 30-by-30-foot matrix.
- Significant pre-function space leading into the exhibit halls.
- Back of house service into the exhibit hall to allow for event set up without working through public spaces.
- Covered loading docks for exhibit halls separate from docks for other facility operating needs.
- State-of-the-industry capabilities with respect to wireless internet, audiovisual, telecommunications, electrical, etc.

Market and Economic assessment of Wichita's convention center product
November 6th 2013 CSL

Building Program:

Exhibit Space:

- 150,000 square feet of contiguous exhibit space in a single hall.
- Planning consideration for an adjacent parcel to accommodate up to 100,000 square feet in additional exhibit space under a potential future expansion.

Ballroom Space:

- Approximately 30,000-square foot, sub-dividable, column-free space
- Breakout Meeting Space:
- Approximately 30,000 sq ft of apportioned space

Hotel Support:

- 400 full-service hotel rooms attached/adjacent. This is an amount approximately 100 more than presently provided by the Hyatt Regency Wichita. A separate hotel feasibility study would be necessary to evaluate the overall market, financial and cost implications of new hotel product development.
- 500 committable hotel rooms within close walking distance.
- 1,000 total hotel rooms within one-half mile.

Market and Economic assessment of Wichita's convention center product
November 6th 2013 CSL

PERFORMING ARTS

Performing Arts Center

A survey was taken by potential and current users of CII.

- Over 85% of respondents believe there is a need for new or renovated performing arts facilities in Wichita.
- The majority of respondents stated their utilization of Century II would increase if it met their needs.
- Wing space, stage size, sound bleed, and loading are some of the most needed areas of improvement in the current Century II facilities.
- Unmet needs include smaller flexible use performance and rehearsal spaces.
- 63% of current users would use CII more if it was upgraded to meet their needs.
- 57% of potential users would use CII if it was upgraded to meet their needs.
- Classical music, youth and family programming, and musical theatre are the most popular programs among current and potential users. There may be a need for space for festivals, film, and non-musical stage plays.

***Century II Performing Arts & Convention Center Assessment March
6th 2014 AMS & FDA***

Current Challenges

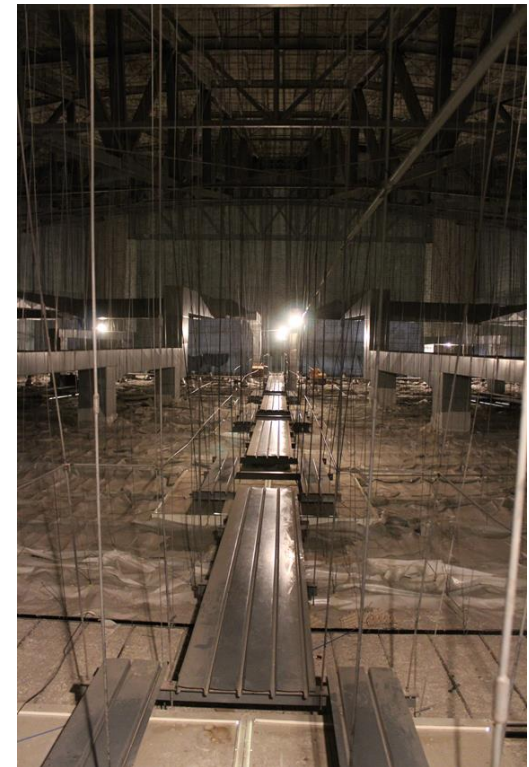
Performing Arts

17

Wichita's arts organizations have learned how to adapt and adjust to some of the unique attributes of CII.

The facility does not provide some functionality that is essential for long-term success.

- Wing space
- Stage size
- Sound bleed
- Loading docks
- Number and condition of dressing rooms
- New shell is needed
- Too few fly lines
- Number of rehearsal rooms
- A/V Equipment
- Union labor costs
- Accessibility in theaters and other spaces



***Century II Performing Arts & Convention Center Assessment
March 6th 2014 AMS & FDA***

Current Challenges

Performing Arts

18

Additional spaces that are desired but not currently available at CII:

- Small, flexible use, Black box style theatre
- Bar or restaurant attached
- Parking structure (indoor) connected to the building
- Banquet facilities
- Thrust stage
- Outdoor exhibit space
- Low or free rent spaces for performances and rehearsals
- Space for artists to experiment
- Venue for Film



***Century II Performing Arts & Convention Center Assessment
March 6th 2014 AMS & FDA***

Building Program:

- 2,200-seat Multipurpose Hall (lowest count acceptable for touring Broadway and MTW)
- Stage and backstage areas are sized for Broadway touring and MTW
- Trap room; included for MTW and/or Opera.
- Orchestra Pit: two sizes (Broadway, up to 35 musicians, and Opera, up to 45 musicians).
- Larger lobby – 15nsf per person
- Patron Lounge -- 100 standing; 60 sit down
- Multipurpose / Events room
 - Sized for large music ensemble
 - Receptions, dinners, small performance, rental opportunities
 - Seats 200-240
 - Located adjacent to public lobby and FOH support
 - Not for black box theatre
- Catering warming rooms; not a full kitchen
- Rehearsal spaces
- Multi-tenant use; appropriate for both MTW & Symphony
- One large, two medium, one small rehearsal room
- Storage, including dedicated musical instrument
- Could be rented to outside groups
- Production spaces
- Scene shop, paint shop, costumes, props, tools, storage, offices
- Shops would be adjacent to stage and loading; not adjacent to public spaces
- Administration
- Offices for the PAC and current major tenants

SCHEME 1

SCHEME 1

\$271.8 M

21



PROS

22

- Meets ADA requirements
- Keeps the current building in Wichita's skyline
- Brings spaces to base operation and safety standards through 2030
- Keeps all operations in one space

CONS

- Does not add space or create ideal structure for convention center
- Does not add parking
- Reduces the amount of space for the convention center
- Would not bring performing arts and convention center spaces to national standards

BENEFIT SUMMARY

		10-year Total
ONGOING BENEFITS	Direct Spending	214,369,733.00
	Indirect/Induced Spending	145,812,290.00
	Total Output	360,182,023.00
	Personal Income {earnings	121,696,929.00
	Employment (rue & part-time jobs)	1,702
	City Taxes	3,412,924.00
	County Taxes	908,481.00
	State Taxes	15,163,586.00
	Total Tax Revenue	19,484,991.00

COST/BENEFIT SUMMARY

Benefit to Cost Ratio (Overall)	2.04
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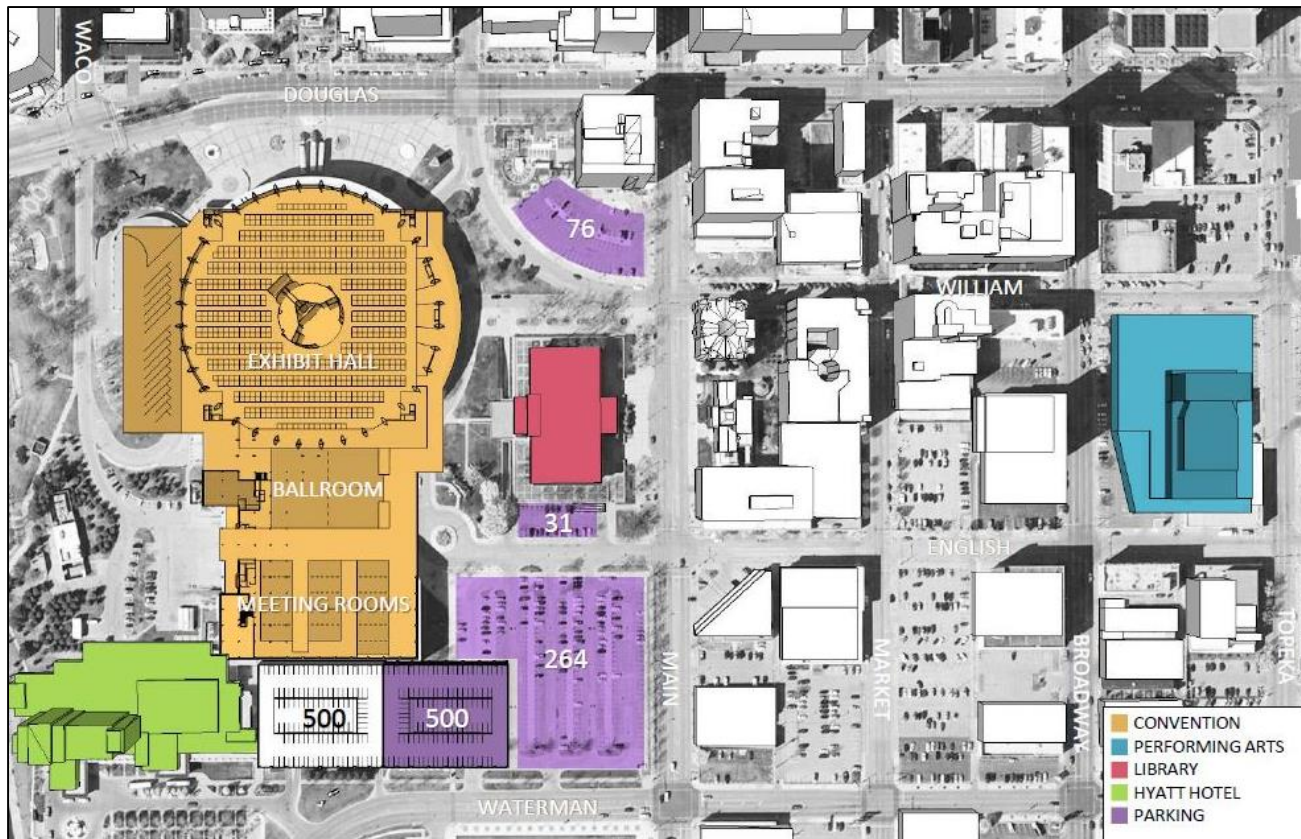
SCHEME 2

SCHEME 2

\$349.5M

25

\$117.4M	Performing Arts Center
\$206.1M	Convention Center
\$19.5M	Parking
\$6.5M	Site Development



PROS

26

- Keeps the current building in Wichita's skyline
- Adds additional space to the convention center
- Adds additional parking
- Performing Arts building would be completely new and up to national standards to support high-profile shows

CONS

- Separates operations to support two buildings
- Provides limited parking for new Performing Arts building
- Does not allow for continuous convention center which limits marketability
- The convention center would not be up to industry standards

BENEFIT SUMMARY

		10-year Total
ONGOING BENEFITS	Direct Spending	327,778,712.00
	Indirect/Induced Spending	223,355,697.00
	Total Output	551,134,409.00
	Personal Income {earnings	186,939,687.00
	Employment (rue & part-time jobs)	2,296
	City Taxes	5,985,401.00
	County Taxes	1,454,551.00
	State Taxes	22,938,775.00
	Total Tax Revenue	30,378,726.00

COST/BENEFIT SUMMARY

Benefit to Cost Ratio (Overall)	2.30
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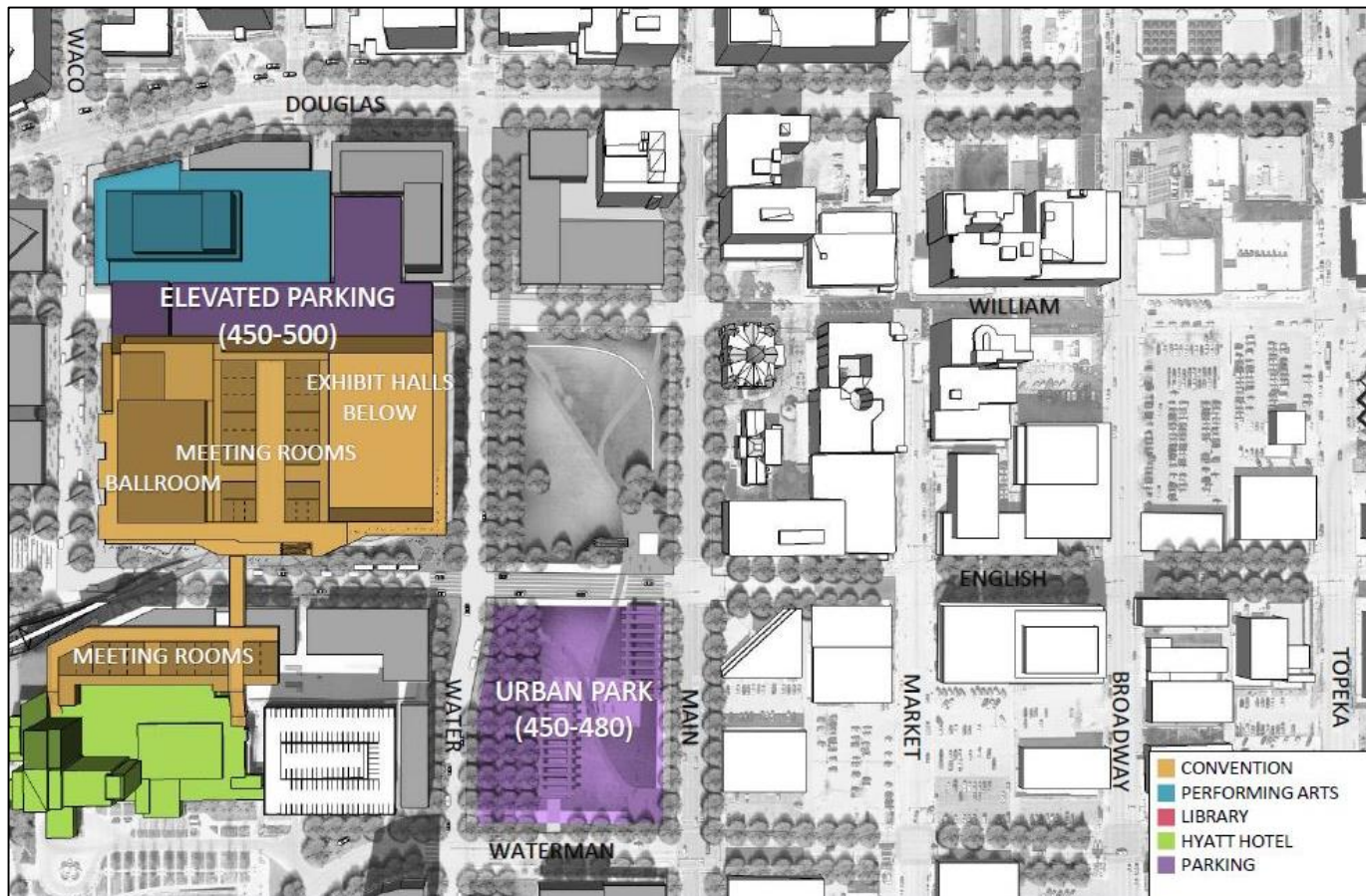
SCHEME 3

SCHEME 3

\$491.7M

\$124.3M	Performing Arts Center
\$254.7M	Convention Center
\$40.4M	Parking
\$72.3M	Site Development

29



PROS

- Completely redesigns both facilities to compete nationally
- Keeps operations in one space
- Adds integration with the Hyatt Hotel
- Adds parking
- Creates space for an urban park
- Pays respect to current architecture
- Furthers the plan outlined in Project Downtown: The Master Plan for Wichita

CONS

- Removes the current building from Wichita's skyline
- Would have to be phased construction

BENEFIT SUMMARY

		10-year Total
ONGOING BENEFITS	Direct Spending	547,932,151.00
	Indirect/Induced Spending	372,845,394.00
	Total Output	920,777,545.00
	Personal Income {earnings	310,813,304.00
	Employment (rue & part-time jobs)	3,434
	City Taxes	11,668,474.00
	County Taxes	2,582,404.00
	State Taxes	38,046,894.00
	Total Tax Revenue	52,297,772.00

COST/BENEFIT SUMMARY

Benefit to Cost Ratio (Overall)	3.02
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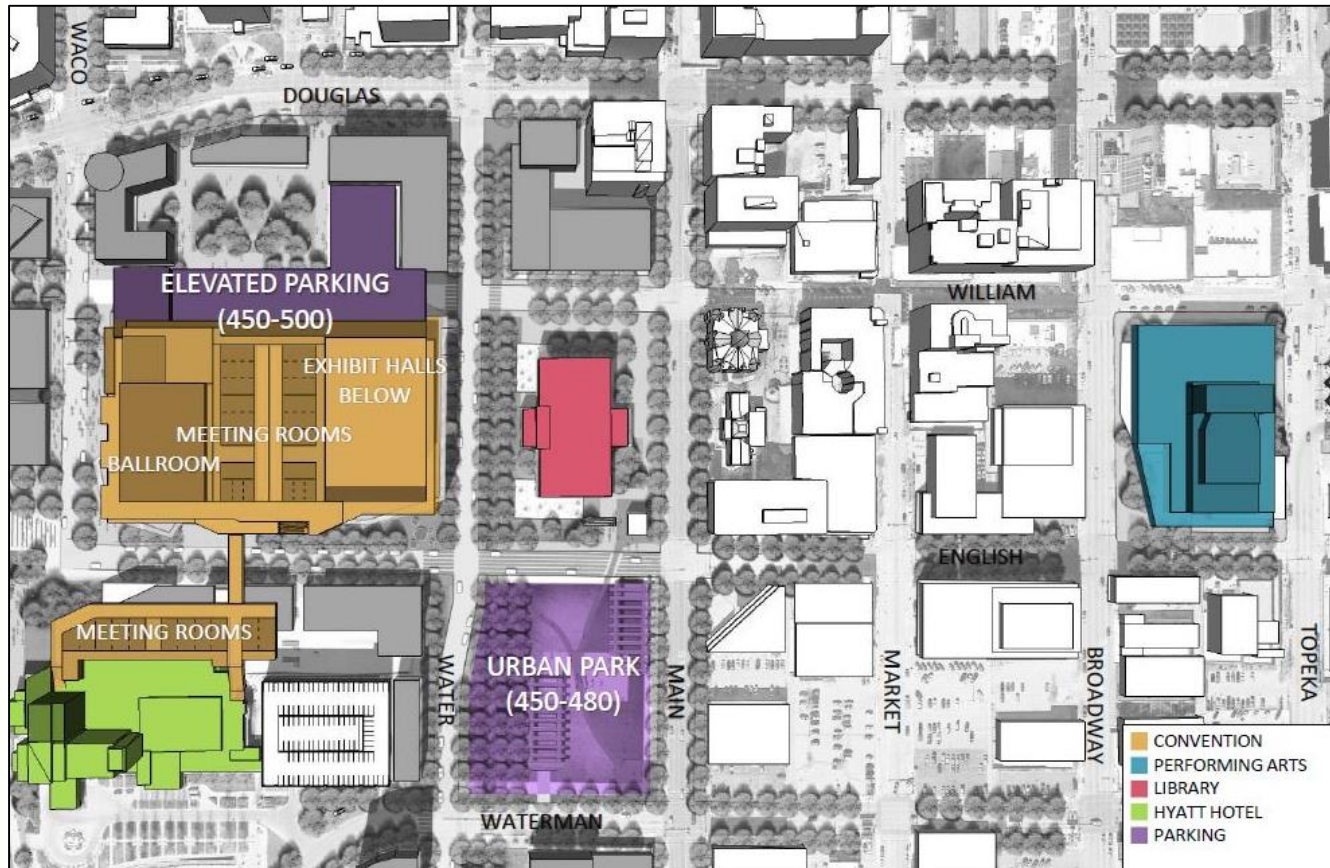
SCHEME 4

SCHEME 4

\$484.6M

\$117.4M	Performing Arts Center
\$238.4M	Convention Center
\$40.4M	Parking
\$88.4M	Site Development

33



PROS

- Completely redesigns both facilities to compete nationally
- Adds integration with the Hyatt Hotel
- Adds parking for Convention Center
- Creates space for an Urban Park
- Pays respect to current architecture
- Furthers the plan outlined in Project Downtown: The Master plan for Wichita

CONS

- Removes the current building from Wichita's skyline
- Separates operations to support two buildings
- Provides limited parking for new Performance Arts building
- Would have to be phased construction

BENEFIT SUMMARY

		10-year Total
ONGOING BENEFITS	Direct Spending	544,750,651.00
	Indirect/Induced Spending	370,660,918.00
	Total Output	915,411,569.00
	Personal Income {earnings	309,006,299.00
	Employment (rue & part-time jobs)	3,396
	City Taxes	11,646,220.00
	County Taxes	2,571,277.00
	State Taxes	37,810,928.00
	Total Tax Revenue	52,028,425.00

COST/BENEFIT SUMMARY

Benefit to Cost Ratio (Overall)	2.95
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Benefits of New Building

It is estimated that a New Building would generate **\$57 million** in annual economic output (direct, indirect, and induced spending), annually supporting **781** full and part-time jobs that generate **\$19 million** in personal income.

- This spending is estimated to generate approximately **\$1.2 million** in annual City and County tax revenue.
- Over a 10-year period, it is estimated that it would generate **\$921 million** in cumulative economic output (direct, indirect, and induced spending), supporting **3,434** full and part-time jobs (in a peak year) that generate **\$311 million** in cumulative personal income.
- This spending is estimated to generate approximately **\$14 million** in net new City and County tax revenue.

*Cost/benefit analysis of Wichita's performing arts and convention center
product April 20th 2016 AMS and CSL*

Summary

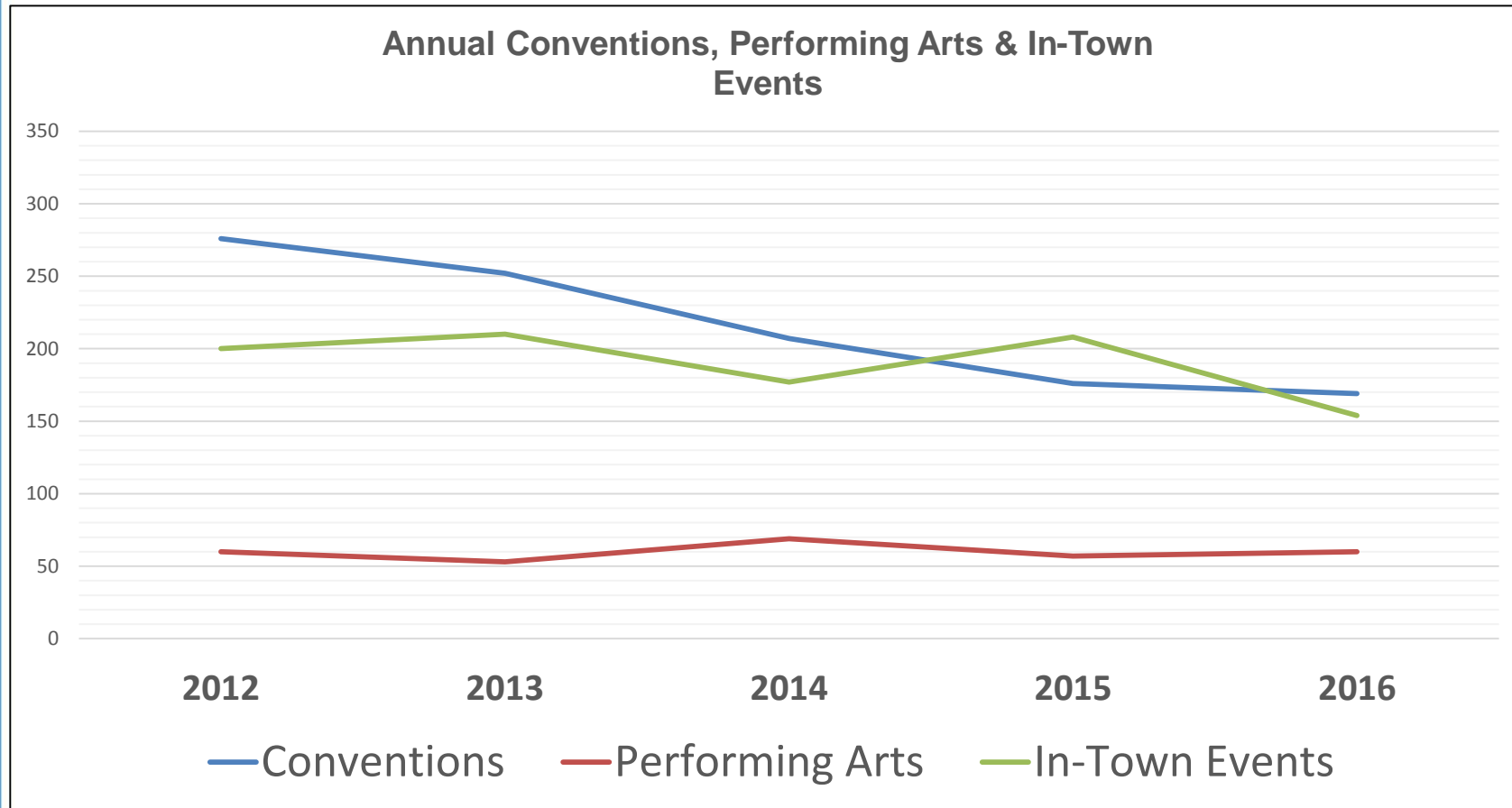
37

COST SUMMARY		SCENARIO 1: Stabilized Year		SCENARIO 2: Stabilized Year		SCENARIO 3: Stabilized Year		SCENARIO 4: Stabilized Year	
ONE TIME COSTS		10-year Total		10-year Total		10-year Total		10-year Total	
	Hard Construction Costs	—	\$200,290,000.00	—	\$247,310,000.00	—	\$305,430,000.00	—	\$287,460,000.00
	Soft Construction Costs	—	58,600,000.00	—	71,200.00	—	98,300,000.00	—	96,300,000.00
	Site Infrastructure Costs	—	—	—	630,000.00	—	53,100,000.00	—	66,500,000.00
	Other Development Costs	—	12,900,000.00	—	24,800,000.00	—	34,800,000.00	—	34,300,000.00
	Private Contribution	—	—	—	—	—	—	—	—
Total Cost		—	271,790,000.00	—	349,610,000.00	—	491,630,000.00	—	484,560,000.00
ONGOING OPERATIONS	Operating Revenues								
	Convention Center	1,154,000.00	12,334,000.00	3,800,000.00	36,860,000.00	5,144,000.00	49,897,000.00	5,144,000.00	49,897,000.00
	PAC	510,000.00	5,100,000.00	2,237,000.00	22,176,000.00	2,237,000.00	22,176,000.00	2,237,000.00	22,176,000.00
	Subtotal	1,664,000.00	17,434,000.00	6,037,000.00	59,036,000.00	7,381,000.00	72,073,000.00	7,381,000.00	72,073,000.00
	Operating Expenses								
	Convention Center	2,450,000.00	24,010,000.00	5,689,000.00	55,183,000.00	5,703,000.00	55,319,000.00	6,198,000.00	60,121,000.00
ONGOING COSTS	PAC	1,312,000.00	13,120,000.00	4,283,000.00	41,789,000.00	3,792,000.00	37,015,000.00	4,283,000.00	41,789,000.00
	Subtotal	3,762,000.00	37,130,000.00	9,972,000.00	96,972,300.00	9,495,000.00	92,334,000.00	10,481,000.00	101,910,000.00
	Total Operating Costs	2,098,000.00	19,696,000.00	3,935,000.00	37,963,300.00	2,114,000.00	20,261,000.00	3,100,000.00	29,837,000.00
	Debt Service	15,718,000.00	157,180,000.00	20,218,000.00	202,180,000.00	28,431,000.00	284,310,000.00	28,022,000.00	280,220,000.00
	Operating Deficit	2,098,000.00	19,696,000.00	3,935,000.00	37,963,300.00	2,114,000.00	20,261,000.00	3,100,000.00	29,837,000.00
	Capital Reserve Funding	—	—	—	—	—	—	—	—
BENEFIT SUMMARY	New DMO Marketing	—	—	—	—	—	—	—	—
	Private Contribution	—	—	—	—	—	—	—	—
	Total Annual Costs	117,816,000.00	176,876,000.00	24,153,000.00	240,116,300.00	30,545,000.00	304,571,000.00	31,122,000.00	310,057,000.00
	Direct Spending	8,867,380.00	214,369,733.00	17,940,188.00	327,778,712.00	34,096,431.00	547,932,151.00	34,096,431.00	544,750,651.00
	Indirect/Induced Spending	5,953,385.00	145,812,290.00	12,140,495.00	223,355,697.00	23,060,156.00	372,845,394.00	23,060,156.00	370,660,918.00
	Total Output	14,820,765.00	360,182,023.00	30,080,683.00	551,134,409.00	57,156,587.00	920,777,545.00	57,156,587.00	915,411,569.00
ONGOING BENEFITS	Personal Income (earnings)	5,031,619.00	121,696,929.00	10,264,717.00	186,939,687.00	19,316,300.00	310,813,304.00	19,316,300.00	309,006,299.00
	Employment (rue & part-time jobs)	205	1,702	411	2,296	781	3,434	781	3,396
	City Taxes	244,602.00	3,412,924.00	517,798.00	5,985,401.00	1,060,645.00	11,668,474.00	1,060,645.00	11,646,220.00
	County Taxes	46,134.00	908,481.00	95,542.00	1,454,551.00	189,196.00	2,582,404.00	189,196.00	2,571,277.00
	State Taxes	586,787.00	15,163,586.00	1,186,328.00	22,938,775.00	2,258,512.00	38,046,894.00	2,258,512.00	37,810,928.00
	Total Tax Revenue	877,523.00	19,484,991.00	1,799,688.00	30,378,726.00	3,508,352.00	52,297,772.00	3,508,352.00	52,028,425.00
COST/BENEFIT SUMMARY									
Benefit to Cost Ratio (Overall)		.83	2.04	1.25	2.30	1.87	3.02	1.84	2.95

Cost/benefit analysis of Wichita's performing arts and convention center product April 20th 2016 AMS and CSL

Current 5 Year Trend

38



Century II Performing Arts & Convention Center Events & Attendance

Performing Arts

2015	2016
Events: 57	Events: 60
Attendance: 179,105	Attendance: 186,704
Event Days: 148	Event Days: 163

In-Town Events

2015	2016
Events: 208	Events: 154
Attendance: 292,709	Attendance: 289,716
Event Days: 256	Event Days: 191

Conventions

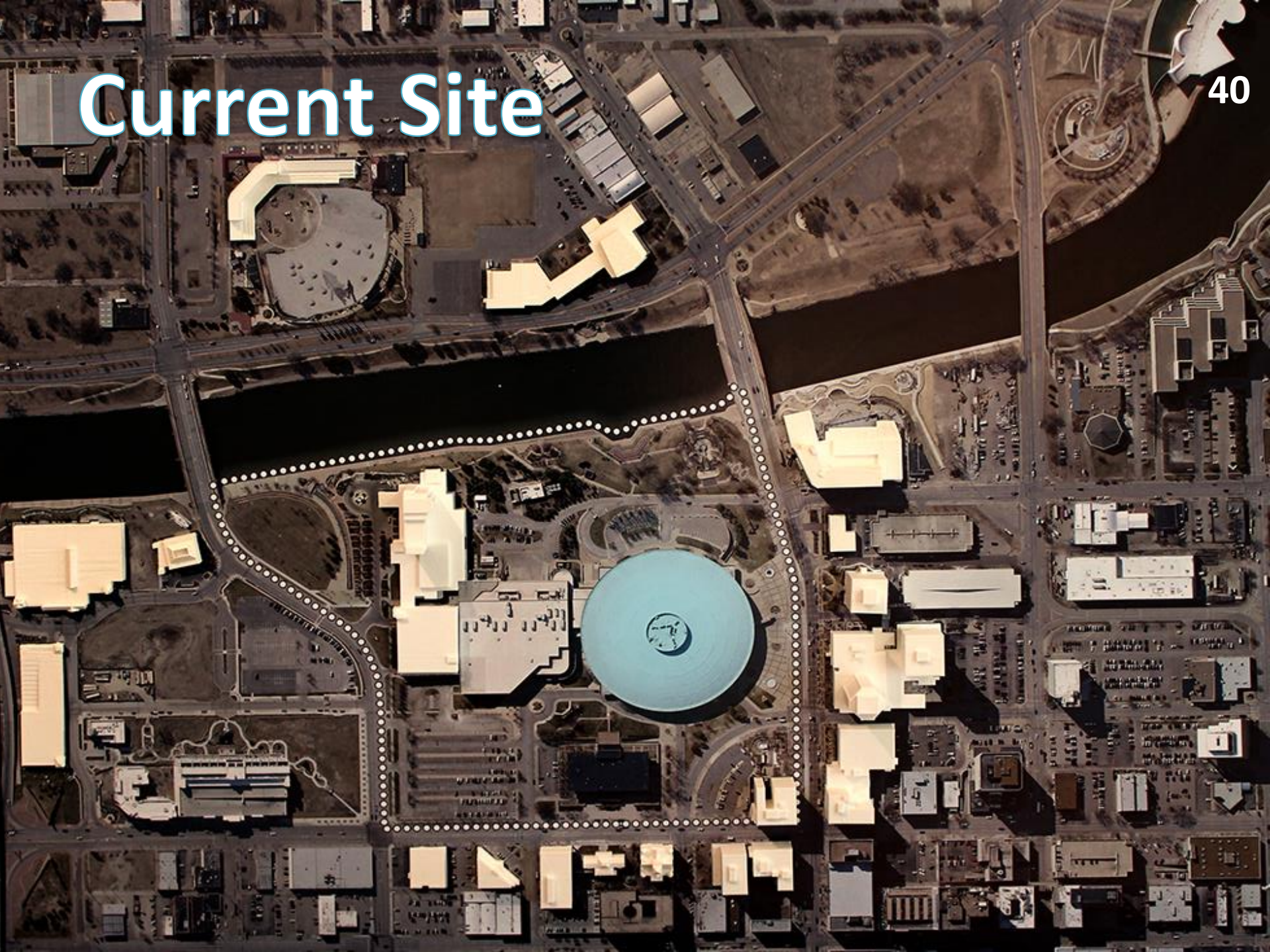
2015
Events: 176
Attendance: 62,565
Event Days: 207
2016
Events: 169
Attendance: 58,785
Event Days: 217

Total

2015
Events: 441
Attendance: 534,379
Event Days: 611
2016
Events: 383
Attendance: 535,205
Event Days: 571

Current Site

40

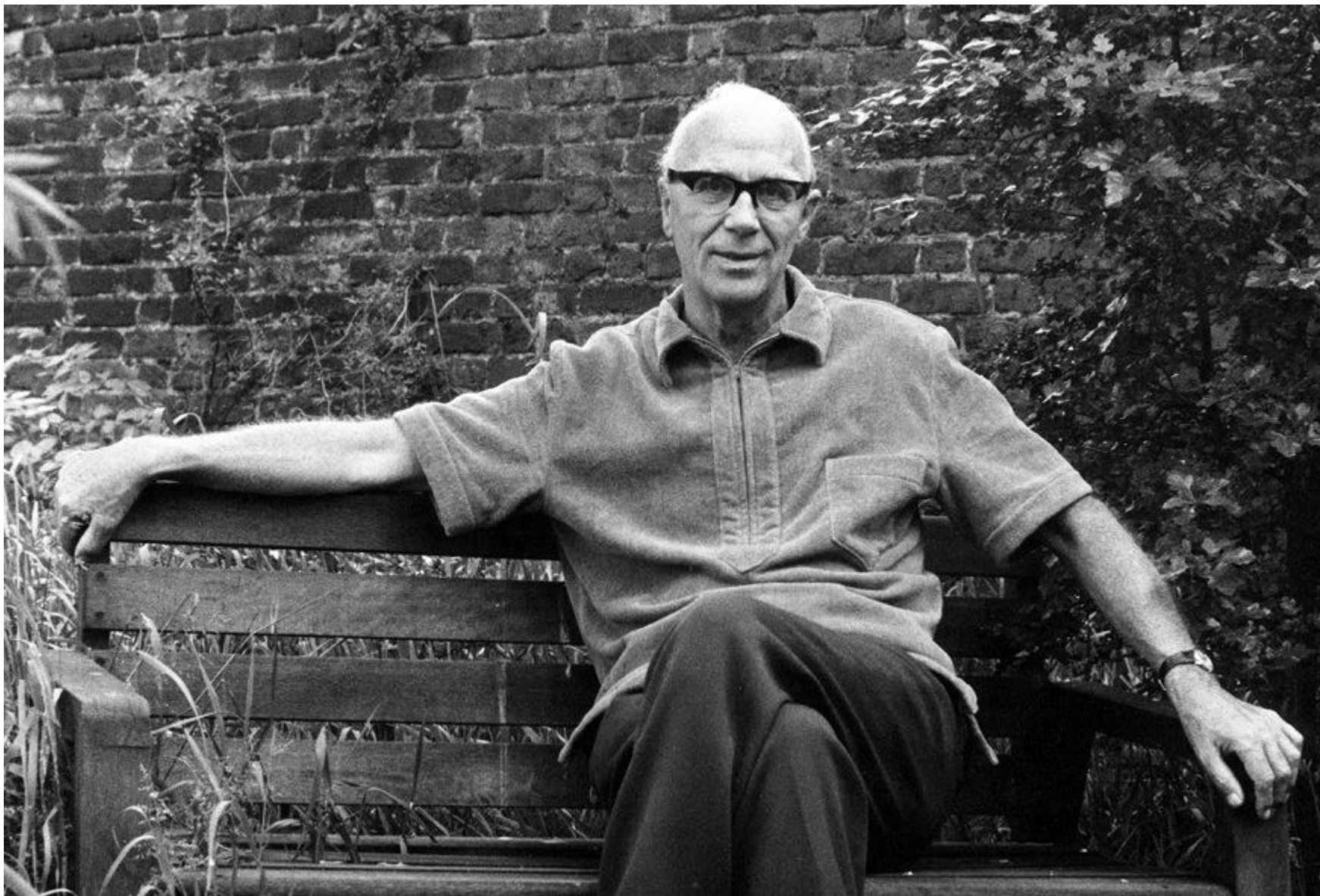


Funding and Delivery Options Analysis for the Century II Facility Expansion

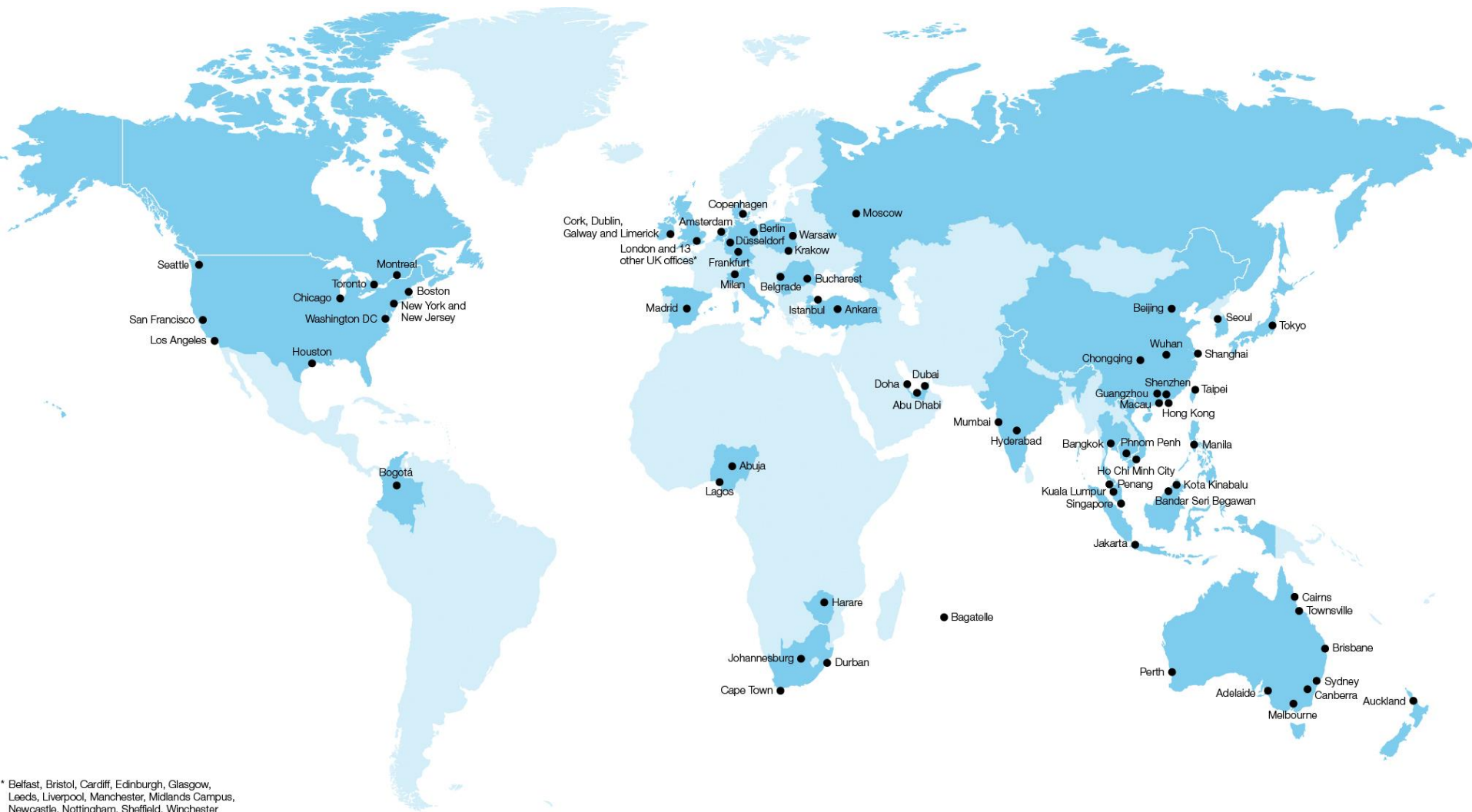
Presentation by Ignacio Barandiaran, Principal
September 12, 2017

- Introduction to the Arup Team
- Background and Scope of the Study
- Summary of Key Findings
- Evaluation of City's Net Cost to Procure the Project
- CII Operational Improvement Opportunities
- Options for Project's Development Strategy
- Conclusions and Next Steps

Introduction to the Arup Team

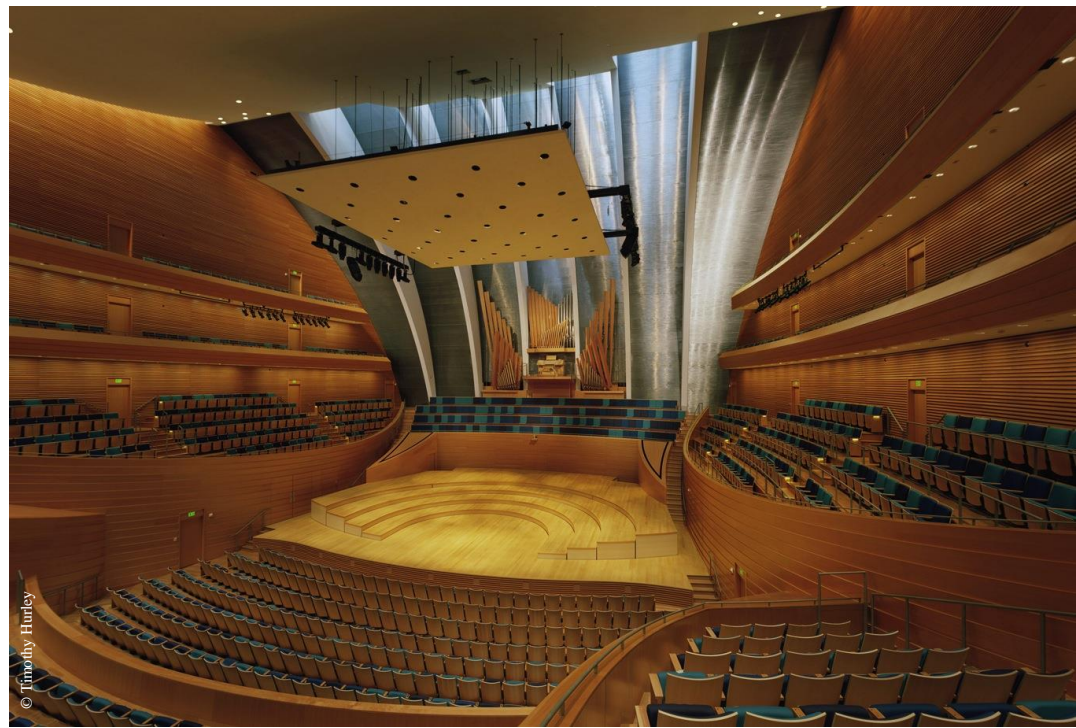


Our founder, Ove Arup



Over 13,000 people in more than 80 offices around the world

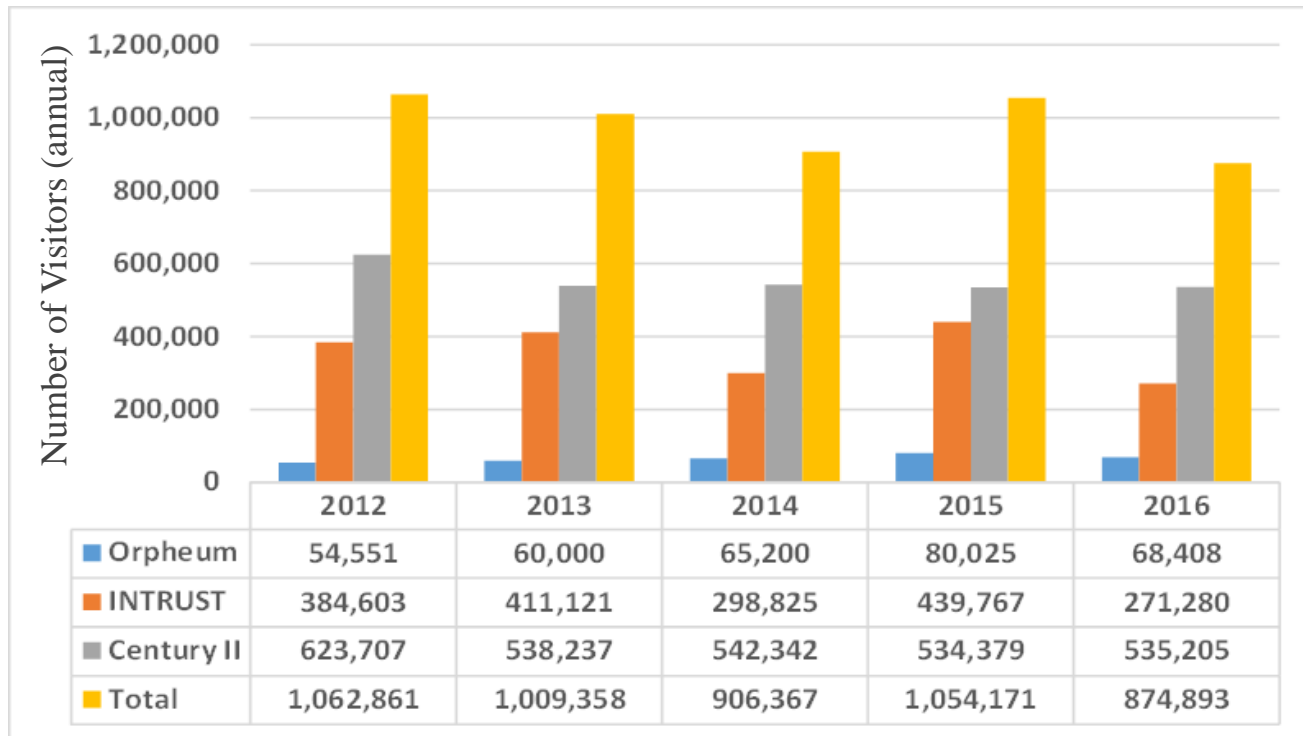
ARUP



- **Conventional Wisdom Corp** provides strategic planning, marketing, operational and management consulting services on all aspects of convention, conference, exhibition and event centers worldwide
- **Webb Management Services** is North America's leading provider of development, planning and consulting services for arts and creative entities
- **Newmark Grubb Zimmer** is a full-service commercial real estate company headquartered in Kansas City, providing a range of services including real estate consulting services

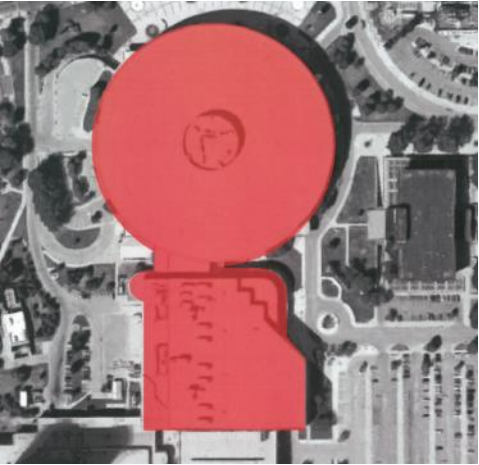
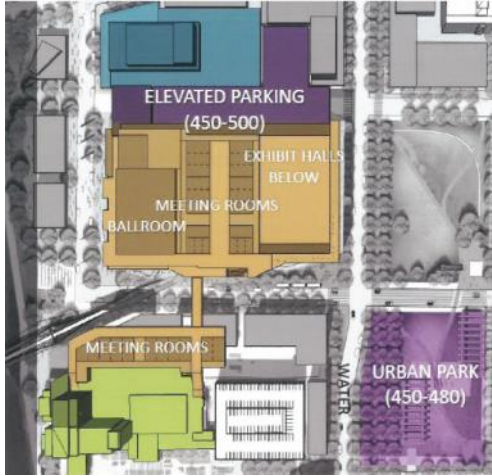
Background and Scope of the Study

- Continued commitment to revitalize downtown Wichita
- Over \$1 billion in public and private investments in downtown in the past 10 years
- Century II (CII) is a critical part of the City's revitalization efforts
- CII's stagnating attendance and role as economic engine need to be addressed
 - *Physical and operational challenges*



Annual Visitors to CII, INTRUST Arena, & Orpheum (2012-2016)

- 1) Assess City's net cost to procure two design Concepts under different delivery methods and considering alternative funding sources
- 2) Identify and evaluate opportunities to improve CII's operational performance
- 3) Provide recommendations on Project development strategy

Design Concept 1	Design Concept 3
 <p><u>Estimated Cost</u> \$272 million</p>	 <p><u>Estimated Cost</u> \$492 million</p>
<ul style="list-style-type: none"> • Extensive renovation • Maintain existing layout and blue dome building • Remain at current site • Would improve operational and deferred maintenance issues, but still not on par with industry 	<ul style="list-style-type: none"> • Completely new facility • Remain at current site • One integrated facility that meets industry standards • New meeting rooms, ballrooms, exhibition halls, etc

Source: AMS & CSL report dated July 2016

Summary of Key Findings

- Concept 1 procurement as P3 is not viable
- Delivery of the 2016 design Concepts 1 and 3 plans for CII would require a substantial new tax revenue commitment over 30 years:
 - **Concept 1 – renovation, DBB delivery:** \$27m/year
 - **Concept 3 – new build, P3 delivery:** \$42m/year
- Joint real estate development opportunities can generate up to \$30m in up-front funding and can create beneficial synergies for CII

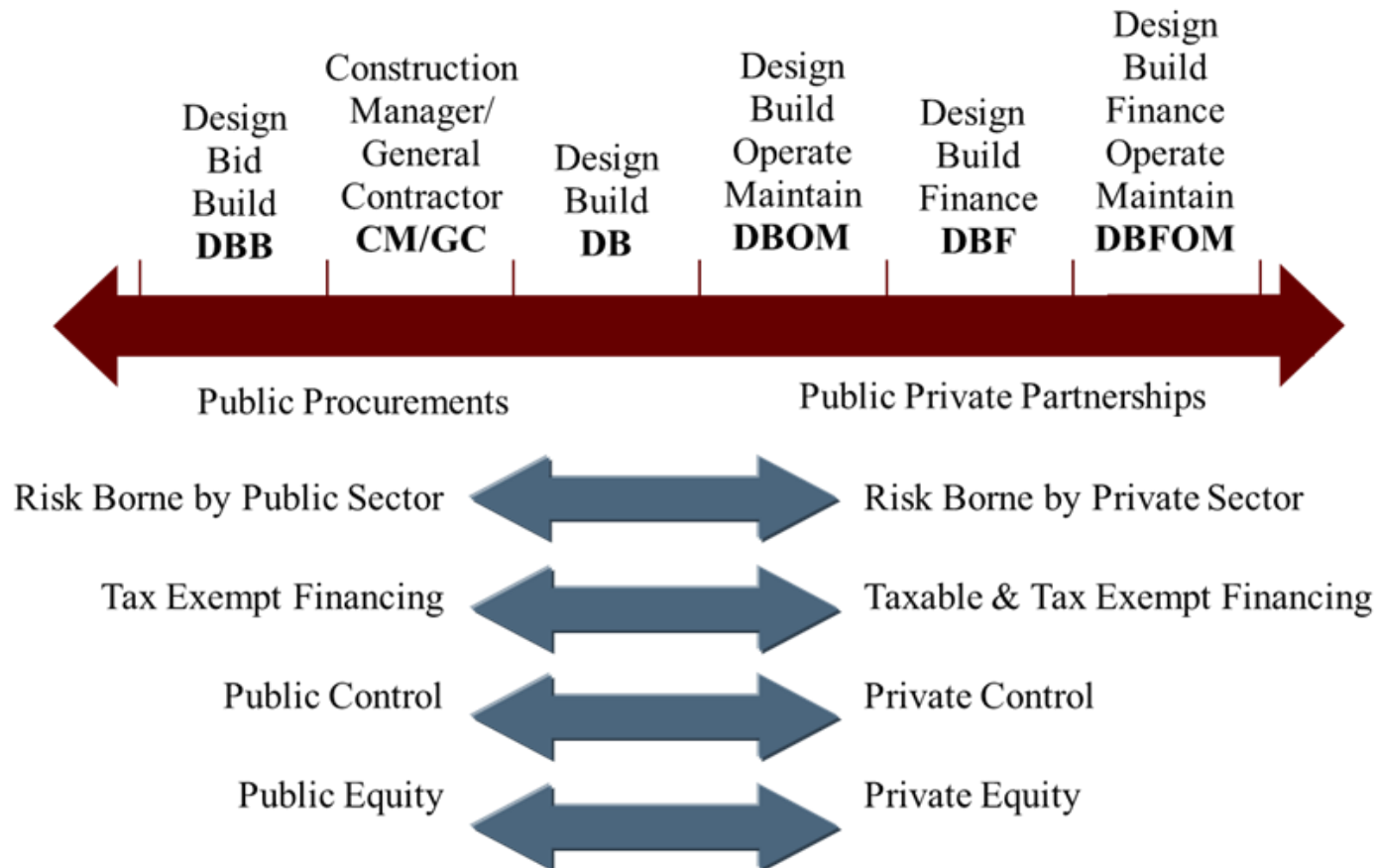
- Operational improvements to substantially reduce or eliminate current operating deficits are feasible and can generate up to an additional \$55m in up-front funding
- Without new tax revenues, a market-driven phased development strategy with up to \$85m in up-front funding is feasible:
 - Relocate PAC
 - Repurpose or demolish the blue dome
 - Partnership with private developer to expand and operate Bob Brown Hall

1) Evaluation of City's Net Cost to Deliver Concepts 1 and 3

1. Assess suitability of different delivery methods
2. Estimate alternative funding sources
3. Estimate Net City Payment

Key comparison question:

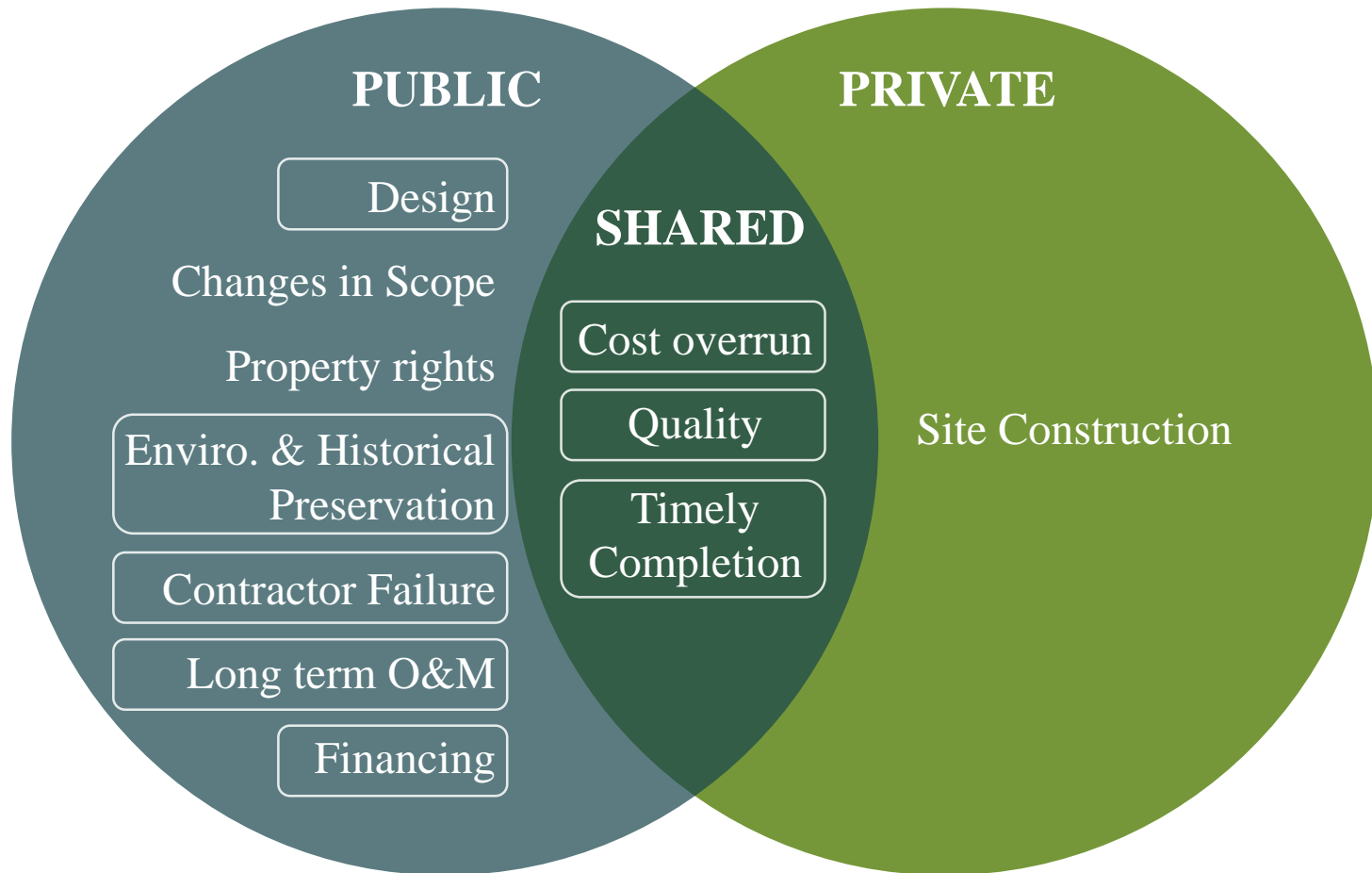
Does transferring risk to the private sector yield greater cost benefits with a P3 delivery method than with a traditional Design-Bid-Build (DBB) procurement?



- History of cost overruns and delays in traditional DBB of large and complex projects
 - Arup study of DBB projects over \$100m in the US indicates average construction cost overruns of 55% for “brownfield” projects and 39% for “greenfield” projects
- Projects delivered with P3 method achieve on-time, on-budget performance most of the time
 - Arizona State University study (2012) of 12 transportation P3 projects in the US indicate on average less than 1% cost overruns and on-time delivery
 - Conference Board of Canada study (2010) of 19 building P3 projects indicates cost savings relative to traditional procurement of 1% to 61% and most delivered on-time
- P3 financing drives better performance, but has a higher cost than traditional financing for DBB

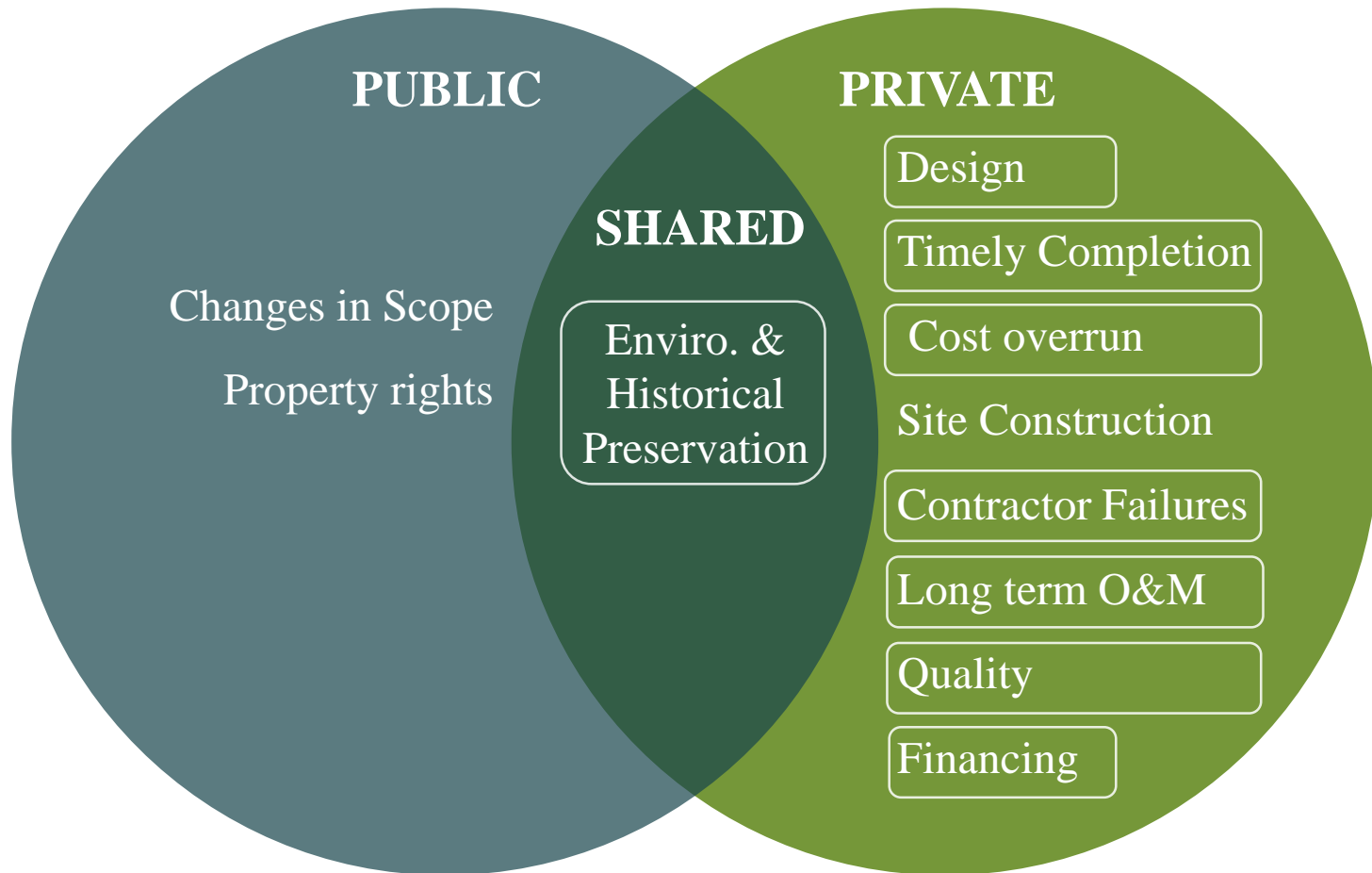
Risk Sharing: DBB delivery method

59







Risk Sharing: P3 delivery method

60



Summary of Delivery Method Assessment

61

	Concept 1 (renovation)		Concept 3 (new build)	
	DBB	P3	DBB	P3
Risk of Cost & Schedule Overruns	High	Medium-High	Medium	Low
Transfer of Cost & Schedule Risk to Private Sector	Very Low	Low (and costly)	Low	High
Transfer of Project Revenue Risks to Private Sector	Low	Low	Low	Medium (within AP model)
Financing Source	Municipal Debt	Private Capital	Municipal Debt	Private Capital
Financing Cost	Low	Very High	Low	Medium-High
Addresses Lifecycle Costs Upfront	No	Yes (but with limitations)	No	Yes
Market Appetite	Medium	Low	High	High
Suitable for Analysis?	 Viable	 Not Viable	 Viable	 Viable

Alternative Funding Sources

62

2017\$ millions	Concept 1	Concept 3
Naming Rights	\$10	\$10
Signage	\$0.5	\$0.5
Land Sale	\$12	\$20
Total funding sources	\$22.5 m	\$30.5 m



Concept 1 (renovation)



Concept 3 (new build)

Financial Analysis Results

- NCP's over thirty years range from \$27 m to \$45 m depending on the Concept and delivery method
- Alternative revenues considered reduce the NCP's, but the burden on the City's general fund for large projects such as Concept 1 or 3 would be substantial
- P3 delivery for new-build project (Concept 3) generates cost savings of ~\$3m per year

Construction Phase (2017\$ millions)	Concept 1	Concept 3	
	DBB	DBB	P3
Net City Payment (NCP), per year	\$27 m	\$45 m	\$42 m

Example P3: Melbourne Convention Center

64

- Existing convention facility expanded and renovated
- Integrated real estate development:
 - Cross-subsidy to support the convention center investment
 - Creates a vibrant 24/7 district
- 25-year P3 contract (2006)
- Public investment capped at \$285m
- Total investment in excess of \$1.2b
 - *Convention center + hotel + restaurants & bars + office & retail development + new pedestrian bridge*
- Public owner defined the minimum program and performance specifications, allowing bidders flexibility to innovate



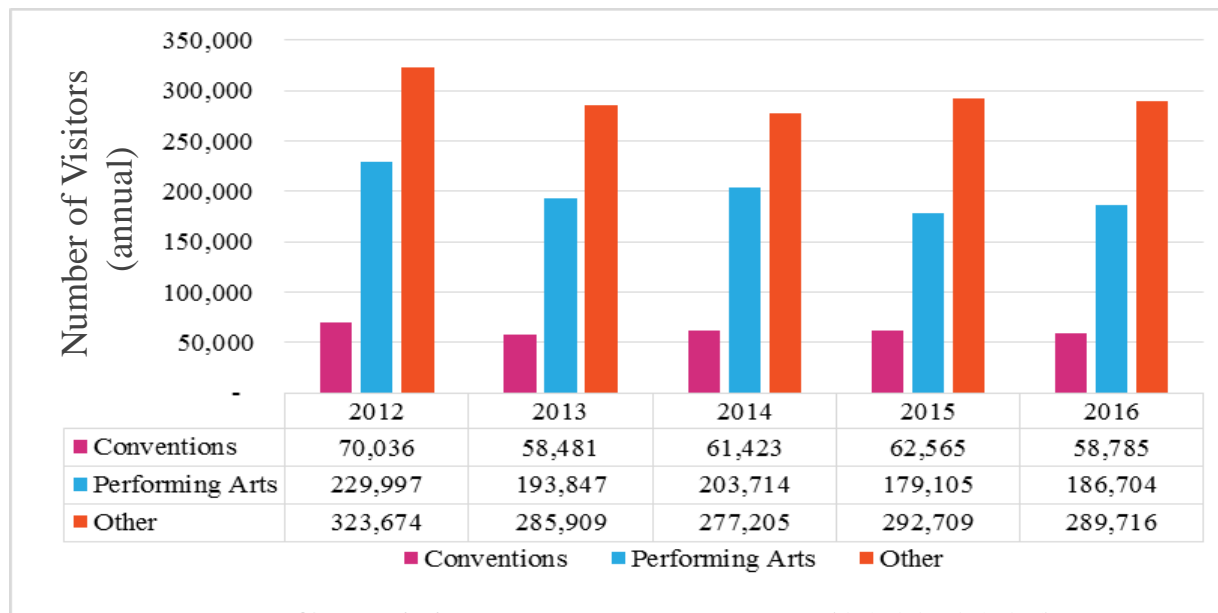
2) Operational improvement opportunities for CII

Key Challenges

- CII has physical limitations: inefficient layout, deficiencies in building systems
- Lack of human resources
- Key revenue sources are limited or not available

Resulting in

- Declining/ stagnating attendance
- CII has been running an operational deficit since at least 1999



CII Visitors by event type (2012-2016)

Overall Project

- **Separate the PAC and the CC operations:** each would benefit from being operated separately with specialized expertise and tailored performance metrics

Convention Center

- **Broaden Governance Entity:** Creation of a larger city-wide or county-wide entity to manage and coordinate all public assembly, events, and entertainment venues. Successful examples include:
 - Metropolitan Pier & Exposition Authority (MEPA); Chicago, IL
 - Cuyahoga County Convention Facilities Development Corporation (CCCFDC); Cleveland, OH
- **Managing Multiple Facilities:** Operations of similar venues to gain economies of scale and achieve better and more coordinated marketing and programming
- **Management structure:** Simplified structure with dedicated departments aligned with the way that event planner and users interact with CII
- **Renegotiate Food and Beverage Contract:** with an expansion of Bob Brown Expo Hall there may be an opportunity to improve F&B revenues

Case Study: Five Sullivan Brother Convention Center, Waterloo, Iowa

- Example of how municipalities are seeking to attract private investment to turn public facilities from operating deficits to enhanced economic development assets
- City Council of Waterloo, Iowa approved in July 2017 the sale of the Five Sullivan Brothers Convention Center to Omaha, Nebraska-based Leslie Hospitality
- Waterloo's goal was to address deferred maintenance, eliminate operational deficits, and to improve marketability to drive visitors and their associated spending
- Private investment totaling \$20m in the convention center and adjacent hotel in exchange for a package of tax incentives



Source: Leslie Hospitality

Performing Arts Center

- **Bring in a third-party Operator:** contracting operations of the facility to a third party:
 - Allows the facility to more effectively compete for programming and rentals
 - Allows Arts and Cultural Services to better maximize cultural development
 - Could require operator to make capital improvements and increase programming
 - Could include contract clause to provide preferential access to accommodate local arts groups
- **Develop complementary revenue-generating uses:** as part of a broader renovation project, develop ancillary pre-function and retail/commercial spaces

Case Study: Durham Performing Arts Center (DPAC), Durham, North Carolina

- Owned by the City of Durham and operated by Nederlander and Professional Facilities Management (PFM)
- Built in 2008 by the City with a total cost of \$48m (2008\$), funded by a combination of City and operator financing plus philanthropic contributions
- Long-term contract includes a management fee plus a profit-sharing mechanism
- The City's share is used for capital replacement, debt service, and maintenance
- Contract clauses provides booking priority to certain annual events (e.g., the American Dance Festival every summer) and local arts groups and users

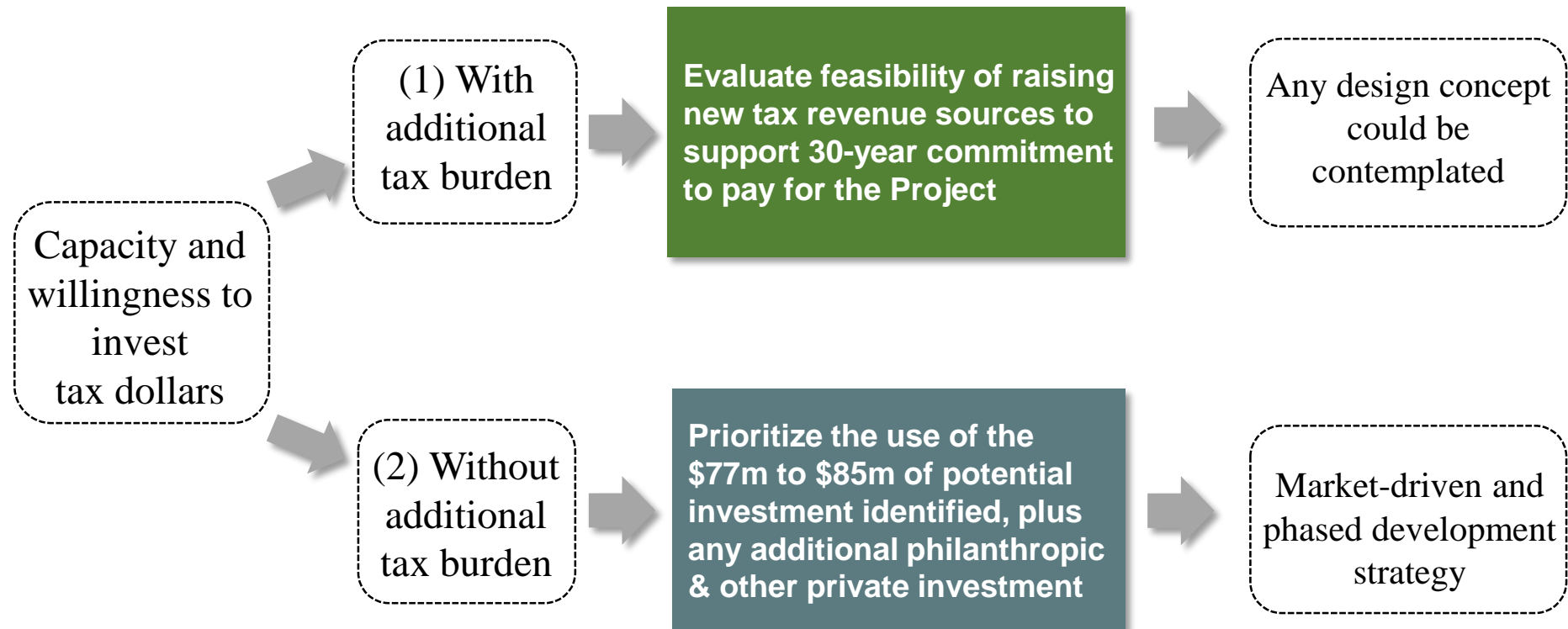
Source: DPAC / Nederlander / PFM



Operating Savings Implications for Capital Project

- Current deficit of ~\$1.8m/year could be significantly reduced or even eliminated with a market-driven strategy focusing on:
 - Separating PAC and CC management
 - Broadening governance of the CC and improving management structure
 - Private / third-party marketing and operations
 - Enhancements from capital investments (renovation and expansion project)
- City staff have indicated that eliminating this deficit could generate one-time, up-front CIP funding of up to ~\$55m to support construction costs

3) Options for CII's development strategy

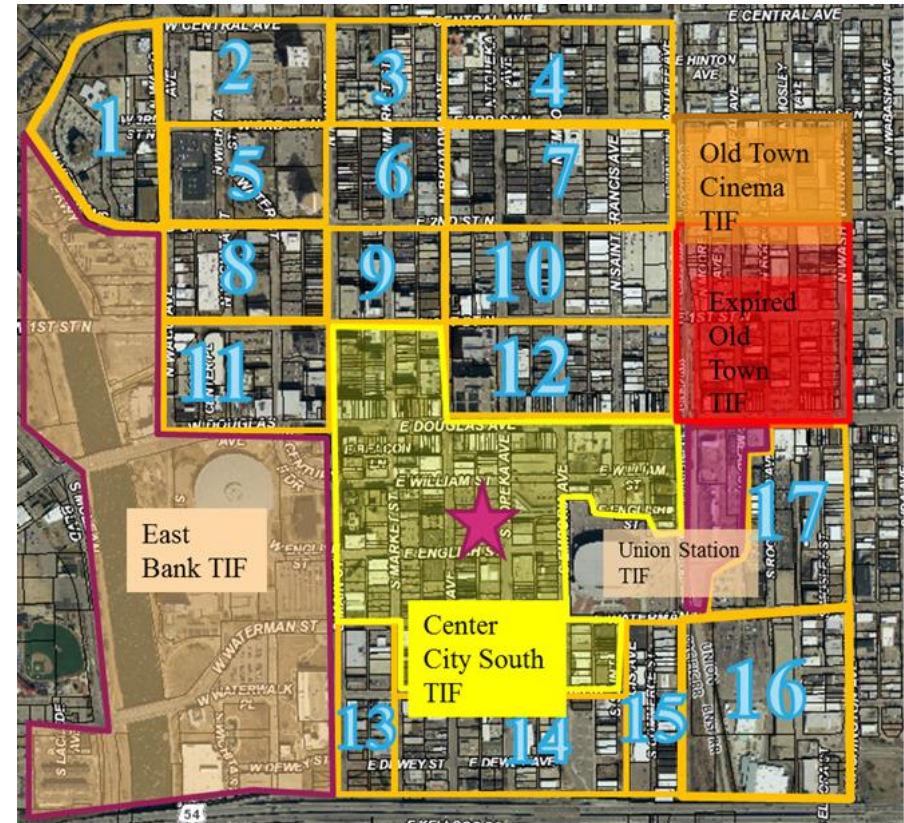


- These tasks should be informed by a structured market sounding with qualified operators, developers, and financial backers
- Continued engagement with the relevant stakeholders

Strategic Options

(1) Affordability with additional tax burden

- **Temporary increase in sales tax:**
 - INTRUST Bank Arena: 1% sales county tax for 30 months in 2005
 - Totaled \$206m
- **Expanding existing TIF central district:**
 - The City has been successfully using TIF
 - Depending where the PA is located the TIF district could be amended
- **Other sources of investment:**
 - Alternative funding sources: \$22m to \$30m
 - Capitalization of operational savings: up to \$55m
 - Other private investment



Strategic Options

(2) Affordability without additional tax burden

Given budget constraints, the goal should be to increase private investment to complement the investment identified in this study:

- **Potential investment:**
 - Funding identified in this study: up to \$77m to \$85m
 - Additional funding not yet identified: philanthropy for PAC, private for CC
- **Bob Brown Expo Hall:** long-term lease to a private operator responsible for upgrading, expanding, operating, and maintaining the facility
- **Performing Arts Facilities:** relocate to a new temporary, lower-cost facility or to permanent, larger-scale venue if philanthropic funding is raised to cover the gap
- **Repurpose the Blue Dome building:** adaptive reuse that is complementary with CC

2017\$	Repurposing of the blue dome building	Demolition of the blue dome building
(A) Alternative funding sources	\$22.5 m	\$30.5 m
(B) Capitalization of operational deficit savings	\$55 m	\$55 m
(A) + (B) Total potential funding sources	up to \$77.5 m	up to \$85.5 m

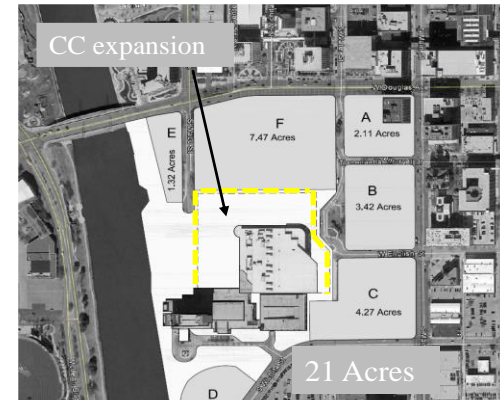
Strategic Options

(2) Scenarios for affordability without additional tax burden



Repurposing of the blue dome scenario

- Phased program for a new PAC
- Adaptive re-use of the blue dome building
- Bob Brown Hall improved and privately operated
- 9 acres of land for redevelopment
- Affordability without CII operational savings: \$22 million
- Affordability with CII operational savings: \$77 million

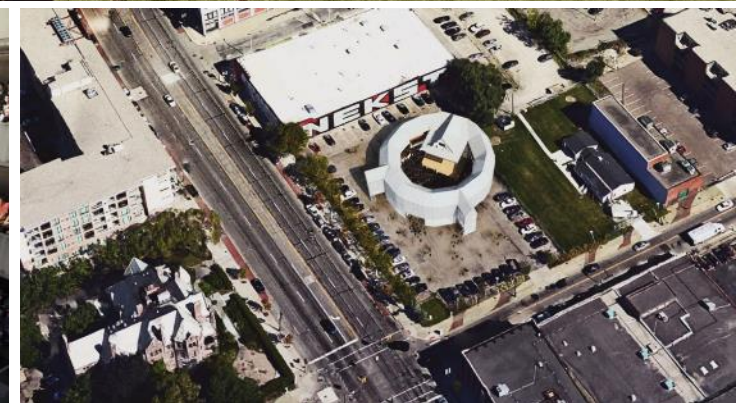


Demolition of the blue dome scenario

- Phased program for a new PAC
- Bob Brown Hall improved and privately operated
- 4 acres reserved for CC expansion
- 21 acres of land for redevelopment
- Consider appropriate forms of P3 delivery
- Affordability without CII operational savings: \$30 million
- Affordability with CII operational savings: \$85 million

Illustrative Scenarios: facilities less than \$20M

77



The Container Globe

Illustrative Scenarios: facilities less than \$20M

78



National Theatre Shed, London, UK

Potential for adaptive re-use

- Market and food hall
- Mixed-use development with retail and office
- Mixed-use retail, hotel, and residential development
- Other concepts that creative developers could bring forward through a well-structured competitive selection process

Ferry Building San Francisco, CA

- Registered historic structure
- Extensive renovation \$100m (2003)
- Class A office, retail, food market, farmer's market
- 66-year ground lease



Potential for adaptive re-use

Palace of Fine Arts San Francisco, CA

- Competitive procurement process resulting in 7 proposals
- Registered historic structure
- Preferred proposal extensive renovation \$120m (2017)
- Preserves existing theater, creates a new “STEAM” museum, and a new 60,000 sq.ft. retail and food hall
- Self-sustaining financial plan, no subsidy or investment from the City required
- Uses mix of state historic preservation tax credits, philanthropic contributions, and private financing for the construction



Conclusions and Next Steps

- Alternative funding streams can generate up to \$30m but are not sufficient to meaningfully reduce the new tax revenue commitment that would be needed to build either Concepts 1 or 3
- Changes to governance, management, and operations can position the CC and the PAC to better serve Wichita and better support major capital improvements
- Joint real estate development plus operational improvement opportunities can generate up to \$77m to \$85m in investment for much-needed upgrades to CII
- This creates a once-in-a-generation opportunity to re-envision CII without the need for substantial new tax revenue commitments while also attracting additional private investment

- Initiate a process to consider alternative governance and management models for both the CC and PAC with the goal of improving their operations and marketing
- Conduct a market sounding of qualified CC and PAC operators & developers gauge interest in:
 - **Bob Brown Expo Hall:** long-term leasing options including making investments in capital improvements and expansion
 - **Performing Arts Center:** management of the PAC to improve programming and lower costs, in the context of the capital improvement project
 - **Blue Dome building:** adaptive re-use concepts, including keeping PAC in it
- Engage with the key stakeholders to provide guidance to the City
- Based on the above develop a comprehensive business plan, including:
 - Prioritized Project definition, facility program, funding plan, and delivery method

Q&A



Preliminary Recommendations for Convention Center and Performing Arts Facility

Bob Brown Convention Center

86



Bob Brown Convention Center

- *Expand the Bob Brown facility to better accommodate current and future needs for conventions and consumer shows.*
 - Initial goal would be to supply 150,000 square feet of prime space, with additional meeting, banquet and support space.
 - To control construction costs, Construction Manager at Risk and Design/Build/Operate delivery methods will be compared to the traditional Design/Bid/Build method.
 - Explore long-term leasing option

Bob Brown Convention Center

- *Identify a new model for the marketing and operations of the convention center.*
- ***Options will include:***
 1. Contract for private management
 2. Long-term lease
 3. City/County partnership for joint management of the convention center and Intrust Bank Arena
 4. Contract with Visit Wichita for marketing and management services

Bob Brown Convention Center

- *Determine if the existing Central Library building can be incorporated into the expansion project, perhaps meeting some of the auxiliary space requirements for the convention center.*



Bob Brown Convention Center

- *Develop a funding plan and construction schedule for the expansion project.*
 - Planning effort to include City Council adoption of long term CIP and debt goals and analysis of the Transient Guest Tax rate.

CII Performing Arts Facility

- *Preserve the current CII facility as a home for the performing arts.*



CII Performing Arts Facility

- *Form an advisory committee to guide the restoration and remodeling process for the facility.*

CII Performing Arts Facility

- *Identify compatible uses for the non-theater spaces to optimize the value of the remodeled building.*
- Possible reuses could include:
 1. Cultural arts spaces
 2. Associated retail and office spaces
- Reuse projects to study could include the Ferry Building and Palace of Fine Arts in San Francisco.

Palace of Fine Arts San Francisco

94



Palace of Fine Arts San Francisco

95

- Theatre renovation
- New museum
- Retail and food hall
- Historic preservation tax credits, philanthropic contributors, private financing

CII Performing Arts Facility

- *Address priority maintenance issues in advance of a larger remodeling project.*

Roof is beyond its expected life span.



HVAC equipment on roof of Expo Hall – rusted and over 20 years old.C

CII Performing Arts Facility

- *Develop a long term funding plan to implement the recommendations of the advisory committee.*
 - The planning effort will include an analysis of alternative funding sources, including a temporary sales tax.

Associated Issues

- *Negotiate naming rights for the convention center and CII buildings and interior spaces to partially offset the project construction costs.*
- *Competitively sell surplus City-owned property adjacent to the convention center and CII buildings after the reconstruction plans are finalized.*

Community Engagement

- *Initiate a community engagement process to obtain feedback on preliminary recommendations for performing arts/renovation of CII.*
 - Process will be led by an independent third party to ensure neutral framing of the issue.
 - Begin in fourth quarter of 2017.

QUESTIONS?

Additional Supporting Information

Examples of performing arts venues with varying ranges of size, type & cost

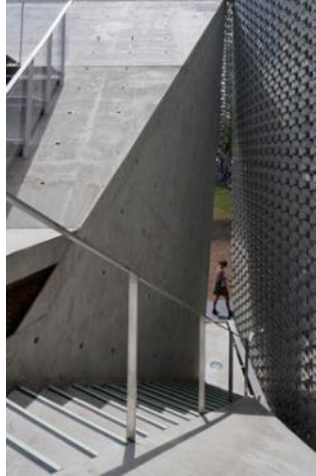
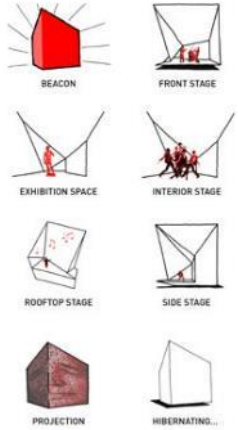
Performing Arts Pavilions

Construction cost < \$10M

The Chrysalis, Columbia MD







Low-cost & Temporary PA Venues

Construction cost ~\$10m to \$20m





National Sawdust, New York NY





Large-scale & Permanent PA Venues
Construction cost ~\$60m to \$100m



